



January 7, 2015

Dr. Michael Platter
President
Strayer University
1133 15th Street NW
Washington, DC 20005-2603

UPS Tracking Number
1ZA879640294322521

RE: **Final Program Review Determination**

OPE ID: 00145959
PRCN: 201440428745
Additional Location – Douglasville, Georgia

Dear Dr. Platter:

The U.S. Department of Education's (Department's) School Participation Division- Atlanta issued a program review report on November 6, 2014 covering Strayer University's (SU) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2013 and 2014 award years. The institution's final response was received on December 16, 2014.

The School Participation Division - Atlanta has reviewed SU's response to the Program Review Report. A copy of the Program Review Report (and related attachments) and SU's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by SU upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

SU's response has resolved all findings. In addition, SU has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, SU may consider the program review closed with no further action required.

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

If you have any questions please call Jon Finkelstein at 404-974-9341.

Sincerely,

(b)(6)

Chris Miller
Division Director

Enclosure: Program Review Report (with attachments)
SU's Response to the Program Review Report

cc: ~~Mr. James Foster, Associate Vice President~~
GA Non-Public Postsecondary Education Commission
Middle States Commission on Higher Education
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

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Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division - Atlanta

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Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division - Atlanta

Program Review Report

November 6, 2014

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A. Institutional Information

Strayer University – Douglasville Campus
1133 15th Street NW
Washington, DC 20005-2603

Type: Proprietary

Highest Level of Offering: Master's Degree

Accrediting Agency: Middle States Commission on Higher Education

Current Student Enrollment: 469 (2015)

% of Students Receiving Title IV: 82% (2015)

Title IV Participation – Postsecondary Education Participants System (PEPS): All Campuses

	Award Year 2012-2013
Federal Direct Loan Program (DL)	\$598,394,000
Federal Pell Grant Program (Pell)	\$ 89,464,250
Federal Work Study Program (FWS)	\$ 2,599,429
Total:	\$690,457,679

Default Rate FFEL/DL:	2011	10.4%
	2010	8.5%
	2009	10.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Strayer University (SU) from August 18, 2014 to August 20, 2014. The review was conducted by Jon Finkelstein and Lonnie Seal.

The focus of the review was all of the primary eligibility items and a subset of the Department's Critical Elements. The review consisted of an examination of SU's internal student records.

A sample of 30 files was identified for review from the 2013 and 2014 award years (year to date). The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 2 files were selected based on a limited number of withdrawn students in the original sample. Appendix A lists the names of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning SU's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve SU of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by SU to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1: Ineligible Student – Not Making Satisfactory Academic Progress (SAP)

Citation: 34 C.F.R. § 668.34 (a) states an institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the Title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—

(1) The policy is at least as strict as the policy the institution applies to a student who is not receiving assistance under the title IV, HEA programs;

(2) The policy provides for consistent application of standards to all students within categories of students, *e.g.*, full-time, part-time, undergraduate, and graduate students, and educational programs established by the institution;

(3) The policy provides that a student's academic progress is evaluated—

(i) At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or

(ii) For all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period;

(4)(i) The policy specifies the grade point average (GPA) that a student must achieve at each evaluation, or if a GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm; and

(5)(i) The policy specifies the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe, as defined in paragraph (b) of this section, and provides for measurement of the student's progress at each evaluation; and

(ii) An institution calculates the pace at which the student is progressing by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted. In making this calculation, the institution is not required to include remedial courses;

(6) The policy describes how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours;

(7) Except as provided in paragraphs (c) and (d) of this section, the policy provides that, at the time of each evaluation, a student who has not achieved the required GPA, or who is not successfully completing his or her educational program at the required pace, is no longer eligible to receive assistance under the title IV, HEA programs;

(8) If the institution places students on financial aid warning, or on financial aid probation, as defined in paragraph (b) of this section, the policy describes these statuses and that—

(i) A student on financial aid warning may continue to receive assistance under the Title IV, HEA programs for one payment period despite a determination that the student is not making satisfactory academic progress. Financial aid warning status may be assigned without an appeal or other action by the student; and

(ii) A student on financial aid probation may receive Title IV, HEA program funds for one payment period. While a student is on financial aid probation, the institution may require the student to fulfill specific terms and conditions such as taking a reduced course load or enrolling in specific courses. At the end of one payment period on financial aid probation, the student must meet the institution's satisfactory academic progress standards or meet the requirements of the academic plan developed by the institution and the student to qualify for further title IV, HEA program funds;

(9) If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy describes --

(i) How the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs;

(ii) The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and

(iii) Information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation;

(11) The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for title IV, HEA program funds.

(c) (1) An institution that evaluates satisfactory academic progress at the end of each payment period and determines that a student is not making progress under its policy may nevertheless disburse title IV, HEA program funds to the student under the provisions of paragraph (c)(2), (c)(3), or (c)(4) of this section.

(2) For the payment period following the payment period in which the student did not make satisfactory academic progress, the institution may—

(i) Place the student on financial aid warning, and disburse title IV, HEA program funds to the student; or

(ii) Place a student directly on financial aid probation, following the procedures outlined in paragraph (d)(2) of this section and disburse title IV, HEA program funds to the student.

(3) For the payment period following a payment period during which a student was on financial aid warning, the institution may place the student on financial aid probation, and disburse title IV, HEA program funds to the student if—

(i) The institution evaluates the student's progress and determines that student did not make satisfactory academic progress during the payment period the student was on financial aid warning;

(ii) The student appeals the determination; and

(iii)(A) The institution determines that the student should be able to meet the institution's satisfactory academic progress standards by the end of the subsequent payment period; or

(B) The institution develops an academic plan for the student that, if followed, will ensure that the student is able to meet the institution's satisfactory academic progress standards by a specific point in time.

(4) A student on financial aid probation for a payment period may not receive title IV, HEA program funds for the subsequent payment period unless the student makes satisfactory academic progress or the institution determines that the student met the requirements specified by the institution in the academic plan for the student.

34 C.F.R. § 668.32(f)(4) states that a student is eligible to receive Title IV, HEA program assistance if the student maintains satisfactory progress (SAP) in his or her course of study according to the institution's published standards of satisfactory progress as long as those standards satisfy the provisions of 34 C.F.R. § 668.16 (e).

Noncompliance: SU's Satisfactory Academic Progress Policy states the following. The sections of the policy are limited to the student finding discussed in the noncompliance section of this finding.

"Components of Financial Aid SAP Policy

1. Grade Point Average Standard

Undergraduate students must achieve a 2.0 CGPA, and graduate students must achieve a 3.0 CGPA at the end of each academic quarter. All grades earned at a given career level (undergraduate, graduate) are included in the calculation, even if the grade was for a course in which Title IV funds were not received.

The table below provides an explanation of the grade point average standard and the timing of the SAP calculation:

Level	CGPA	Timing of Calculation
Undergraduate	2.000	Calculated after each term
Graduate	3.000	Calculated after each term

2. Pace of Completion Standard

The pace of completion ("pace") measures the rate of progress toward the degree, based on how many credits were successfully completed out of all credits attempted at a given career level. A successful attempt is defined as a course in which a passing grade is earned, as defined in the Strayer University Catalog under "Degree Conferral Requirements." All other grades earned are unsuccessful attempts. Note that all credits attempted at a given career level (i.e., undergraduate or graduate) are included in the calculation, even if the attempted credit/course was not funded using Title IV.

~~Attempted credits consist of courses in which a grade of "A", "B", "C", "D", "F", "F*", "I", "R", "WF" or "WP" is earned. Attempted credits do not consist of courses in which a status of "W", "X", "NS", or "IP" is noted on the transcript.~~

Undergraduate and graduate students receiving financial aid must successfully complete **66.67%** of all attempted credits at a given career level (i.e., all credits attempted at an undergraduate career level). Changes in programs of study within a career level do not reset a student's pace of completion.

Repeated Grades

For repeated grades, the student's higher grade earned in the repeated course is included in the grade point calculation. All courses attempted are included in the pace of completion standard. Students may repeat a course a limited number of times, as described in the Strayer University Catalog under "Policies and Procedures – Repeating Courses."

Remedial Courses

Remedial courses such as 090 courses are not included in either calculation. Remedial courses are assessed separately, using the standards and requirements described in the Strayer University Catalog under "Policies and Procedures – Developmental Education Requirements."

Student 11: This student attended SU beginning with the summer 2007 quarter. The student attended through the spring 2012 quarter, stopped attending, and resumed attendance during the summer 2012 quarter. A review of the student's SAP indicated that SU did not include the winter 2011 quarter in the SAP calculation.

The student's grade point average fell below the 2.0 standard at the conclusion of the spring 2012 quarter (SAP warning). After the summer 2012 quarter, the student should have been placed on financial aid suspension. The student received Title IV funding during the fall 2012 semester (\$1,387 in Pell, \$ 907 in Subsidized Stafford and \$2,005 in Unsubsidized Stafford). The student was not eligible for Title IV aid during the fall 2012 semester. There was no documentation of a SAP appeal in the student's file.

During the program review, SU staff provided the reviewers with documentation explaining the SAP calculation error. The error was primarily attributable to a system conversion during the time of nonattendance.

Required Action: SU must revise its SAP Policy/Procedures to ensure that any future occurrences of this error are prevented.

SU will be liable for any Title IV, HEA funds disbursed to a student who was not meeting the standards of SAP and did not submit a SAP appeal that was approved. Payment instructions for any liability associated with this finding will be provided in the Department's Final Program Review Determination Letter (FPRD).

Finding 2: Return to Title IV (R2T4) Calculation Errors/Pell Under-Award

Citation: 34 C.F.R. § 668.22 (a) states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date.

34 C.F.R. § 668.22 (a) (3) states for purposes of this section, "Title IV grant or loan assistance" includes only assistance from the Federal Perkins Loan, Direct Loan, FFEL, Federal Pell Grant, Academic Competitiveness Grant, National SMART Grant, TEACH Grant, and FSEOG programs, not including the non-Federal share of FSEOG awards if an institution meets its FSEOG matching share by the individual recipient method or the aggregate method.

The 2013-2014 Federal Student Aid Handbook, Volume 5, Chapter 1, page 41-42 states in addition to aid disbursed, aid that could have been disbursed is also used in the calculation. There are two principles that govern the treatment of disbursements of Title IV funds in Return calculations. The first principle provides that, for purposes of determining earned Title IV aid, generally, so long as the conditions for late disbursements in 34 CFR 668.164(g)(2) were met prior to the date the student became ineligible, any undisbursed Title IV aid for the period for which the return calculation is performed is counted as aid that could have been disbursed (regardless of whether the institution was prohibited from making the disbursement on or before the day the student withdrew because of the limitations in 34 C.F.R. § 668.164 (g) (4) or elsewhere.

Any undisbursed Title IV aid for the period that the school uses as the basis for the Return calculation is counted as aid that could have been disbursed as long as the following conditions were met before the date the student became ineligible:

- for all programs, the Department processed a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official Expected Family Contribution (EFC) for the student.

34 C.F.R. § 668.22 (e)(2) states the percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date.

34 C.F.R. § 668.22 (f) states for purposes of paragraph (e)(2)(i) of this section, the percentage of the payment period or period of enrollment completed is determined—

(i) In the case of a program that is measured in credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date.

34 C.F.R. § 668.22 (g) states that the institution must return, in the order specified in paragraph (i) of this section, the lesser of—

(i) The total amount of unearned Title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

(ii) An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of title IV grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section.

The 2013-2014 Student Aid Handbook, Volume 5, Chapter 1, Page 3 (sidebar) states a student begins earning Title IV funds on his or her first day of attendance. Therefore, even if a student withdraws before a school's census date, the school must perform a Return calculation using the number of days the student attended or the number of scheduled clock hours the student attended class as the numerator in Step 2, Part II.

A student earns Title IV assistance after one day of attendance within a term. SU's policy eliminates the Pell eligibility based on a non-enrollment status on the census date. SU's policy; however, does not back out Direct Loans for a student in this situation. If a student withdraws prior to the census date, the school would use the student's enrollment status as of the withdrawal date to determine the amount of Pell that the student earned. If the institution delays disbursement until the census date (or after the census date) the institution would be required to disburse eligible Pell funds as a post withdrawal disbursement (aid that could have been disbursed in the accompanying R2T4 calculation. R2T4 calculations were performed, but excluded Pell funds disbursed or Pell funds that could have been disbursed (Step 1).

Noncompliance:

Student 5: This student withdrew during the fall 2012 semester. The start date for the fall 2012 semester was October 8, 2012. The student withdrew on October 17, 2012. SU's policy states that students who completely withdraw prior to the census date (October 29, 2012) will have his/her aid eligibility recalculated. By adhering to this policy, SU does not disburse the amount of Pell that the student earned as of the withdrawal date.

Student 2 (additional R2T4 students): Student 2 withdrew during the spring 2014 semester. The start date for the spring 2014 semester was April 4, 2014. The student withdrew on April 12, 2014. SU's policy states that students who completely withdraw prior to the census date (April 21, 2014) will have his/her aid eligibility recalculated. By adhering to this policy, SU does not disburse the amount of Pell that the student earned as of the withdrawal date.

Required Action: Pell Grant eligibility begins on the first day of attendance in an academic term. SU must discontinue its institutional policy of not paying or reversing Pell funds to students who fully withdraw prior to the census date. Failure to award a student eligible Pell funds may place an undue hardship on the student and/or Institution.

In response to this Program Review Report, SU must revise its Awarding and R2T4 Policy to address the issue discussed in the noncompliance section of this finding. A revised copy of the Awarding and R2T4 Policies must be forwarded to the Department for review.

Finding 3: Student Confirmation Report Filed Late/Inaccurate/Missing

Citation: 34 C.F.R. § 685.309 (b) states a school shall--

- (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—
 - (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
 - (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
 - (iii) Has changed his or her permanent address.
- (3) The Secretary provides student status confirmation reports to a school at least semi-annually.
- (4) The Secretary may provide the student status confirmation report in either paper or electronic format.

Noncompliance: During the course of the program review, two students were identified with late and/or inaccurate enrollment reporting. The table below is a listing of the students that were identified as having enrollment reporting deficiencies.

<u>Student Number</u>	<u>Status Reported</u>	<u>Certification Date</u>	<u>Reason for Non-Compliance</u>
2	Withdrawn	8/20/2012	Student withdrew 7/23/2012. Effective date of withdrawal on NSLDS is 8/16/2012.
3	Withdrawn	10/18/2013	Degree was conferred on 9/16/2013. School reported student as withdrawn on 10/18/2013. Correct status (graduated) was reported on 10/28/2013.

~~Inaccurate enrollment reporting is essential as it used to determine a student's Direct Loan grace period and repayment start date. The student and Department may be adversely affected when enrollment reporting errors occur.~~

Required Action: SU must review its Enrollment Reporting Policy/Procedures to determine the cause of the errors. SU must draft and/or revise its Enrollment Reporting Policy/Procedures document to provide a clear and accountable strategy to prevent future instances of this finding. In response to this Program Review Report, SU must submit the revised Enrollment Reporting Policy/Procedures document to the Department for review.

Finding 4: Incorrect Year in College - Direct Loan Eligibility Error

Citation: 34 C.F.R. § 668.4 (a) states for a student enrolled in an eligible program that measures progress in credit hours and uses standard terms (semesters, trimesters, or quarters), or for a student enrolled in an eligible program that measures progress in credit hours and uses nonstandard terms that are substantially equal in length, the payment period is the academic term.

34 C.F.R. § 685.203 (a) (2) states in the case of an undergraduate student who has successfully completed the first year of an undergraduate program but has not successfully completed the second year of an undergraduate program, the total amount the student may borrow for any academic year of study under the Direct Subsidized Loan Program may not exceed the following:

(i) \$4,500 for a program of study of at least a full academic year in length.

(ii) For a program of study with less than a full academic year remaining, an amount that is the same ratio to \$4,500 as the—

$$\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled}}{\text{Number of semester, trimester, quarter, or clock hours in academic year}}$$

The 2013-2014 Student Aid Handbook, Volume 3, Chapter 5, page 107- 108 states you must also prorate loan limits for students enrolled in remaining periods of study shorter than an academic year. This circumstance can occur when a student is enrolled in a program that is one academic

year or more in length, but the remaining period of study needed to complete the program will be shorter than an academic year.

Proration is required only when it is known in advance that a student will be enrolled for a final period of study that is shorter than an academic year. If a student originally enrolls for a final period of study that is a full academic year in length, but completes the program early in less than a full academic year, it is not necessary to retroactively prorate the annual loan limit.

For all types of programs, where there is a remaining portion less than an academic year, the annual loan limit for the student's grade level is multiplied by the following fraction to determine the prorated loan limit:

$$\frac{\text{Semester, trimester, quarter, or clock-hours enrolled in program}}{\text{Semester, trimester, quarter, clock-hours in academic year}}$$

Unlike proration for programs that are shorter than an academic year, there is no comparison of weeks and hours. Only the actual credit or clock hours that the student is scheduled to attend or is actually attending at the time of origination are used in the calculation.

Noncompliance: SU uses a Borrower Based Academic Year (BBAY1) when calculating loan eligibility. Loan periods are based on an award year comprised of three quarters. One instance of incorrect loan proration was identified during the Program Review. Student specific information is presented below.

Student 29: This student was enrolled in the Associates in Business Administration program. The student's final BBAY loan period was comprised of the spring and summer 2014 terms. SU staff calculated the student's final BBAY using junior/senior level loan limits. The award year definition is 33 weeks and 40.5 credit hours. The correct loan pro-ratio is as follows:

18 quarter hours (student enrolled 9 hours in each quarter) in program divided by 40.5 hours in academic year.

$$18/40.5 = 44.44\%$$

$$44.44\% \times \$4,500 \text{ Subsidized} = \$2,000$$

$$44.44\% \times \$6,000 \text{ Unsubsidized} = \$2,667$$

SU used junior/senior level loan amounts and awarded \$2,444 in Subsidized Stafford and \$3,111 in Unsubsidized Stafford. The student was over awarded by \$444 in Subsidized Stafford and \$444 in Unsubsidized Stafford.

Required Action: Incorrect Title IV pro ration calculation errors may cause undue hardship to the student and/or Department. In response to this Program Review Report, SU must submit a revised Awarding Policy/Procedures document to the Department that addresses the issue

discussed in the noncompliance section of this finding.

Finding 5: Student Not Awarded Full Subsidized Direct Loan Eligibility – Inaccurate Needs Analysis

Citation: The 2013-2014 Student Aid Handbook, Volume 3, Chapter 7, page 133 states the law requires aid administrators to find out whether the student is eligible for certain other FSA programs that would reduce the need for borrowing. If your school participates in the Federal Pell Grant Program, you must include the student's estimated Pell Grant eligibility as Estimated Financial Assistance when making Campus-Based awards, whether or not the student has received the Pell Grant at the time you make your Campus-Based award.

Similarly, you must determine an undergraduate student's Pell Grant eligibility before originating a Direct Subsidized or Unsubsidized Loan for that student. In addition, you may not originate a Direct Unsubsidized Loan without first determining the student's need for a Direct Subsidized Loan. (The difference between Direct Subsidized and Unsubsidized Loans is explained in *Chapter 5* of this volume.) However, if the amount of the Direct Subsidized Loan is \$200 or less and the amount can be included as part of a Direct Unsubsidized Loan, you are not required to originate a separate subsidized loan.

Noncompliance: Student 1 crossed into junior level loan status (\$5,500 Subsidized) beginning with the winter 2013 semester. SU awarded an additional \$500 in Subsidized Direct Loan funds on 1/18/2013 (\$4,500 to \$5,000). The student was eligible for an additional \$1,000 in Subsidized Direct Loan funds. SU under awarded the student by \$500.

The same student received \$1,500 in Subsidized and \$11,000 in Unsubsidized Direct Loan funds in the following loan period (4/8/2013 through 12/22/2013). The student was eligible for \$5,500 Subsidized and \$7,000 Unsubsidized Direct Loan funds. SU under awarded the student \$4,000 in Subsidized Direct Loan funds and over awarded the student \$4,000 in Unsubsidized Direct Loan funds.

Required Action: Incorrect loan eligibility determinations can prove harmful to the student and/or Department. In response to this Program Review Report, SU must request COD access to the closed award year (2012-2013) and adjust student 1's loan amounts for the loan period 4/8/2013 to 12/23/2013 (under award of Subsidized - \$4,000 and over award of Unsubsidized - \$4,000). In addition, SU must revise and submit its Direct Loan Awarding Policy/Procedures document to the Department for review.

Finding 6: Inadequate Notification of Awards (Award Letter)

Citation: 34 C.F.R. § 668.165 (a) states before an institution disburses title IV, HEA program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan or FFEL Program

funds, the notice must indicate which funds are from subsidized loans and which are from unsubsidized loans.

Noncompliance: In two instances, SU did not accurately notify the student of the funds that the student or his/her parent could expect to receive under each Title IV, HEA program. In addition, the MBS Financial Aid Award Letter did not provide information regarding how and when the Title IV funds would be disbursed. The following table is a listing of the affected students.

Student Number Term	Title IV Awards/ Amounts on Award Letter	Method and Date of Disbursement	Title IV Aid Disbursed – Conflicting Amount
	Date of Award Letter		
2 Summer 2012	Direct Subsidized Loan - \$1167 Direct Unsubsidized Loan \$2,000 7/24/2012	Not Provided	Pell - \$1,175
23 Fall 2013	Direct Subsidized Loan Fall 2013 - \$1,667 Direct Subsidized Loan Winter 2014 - \$1,666 Pell Winter 2014 - \$1,412	Not Provided	Direct Loan Subsidized Fall 2013 - \$1,833 Direct Loan Unsubsidized Winter 2014 - \$1,500 Pell Winter 2014 - \$1,881
Winter 2014	8/14/2013		

Required Action: SU must revise its current Awarding Policy/Procedures to address the regulatory issues mentioned in the noncompliance section of this finding. In response to this Program Review Report, SU must submit a revised Awarding Policy/Procedures document and a revised Award Letter template to the Department for review.

Finding 7: Inaccurate Recordkeeping

Citation: 34 C.F.R. § 690.83 (2) states that the Secretary accepts a student's payment data that is submitted in accordance with procedures established through publication in the federal register. The payment data contains information the Secretary considers to be accurate in light of other available information including that previously provided by the student and institution.

34 C.F.R. § 685.301 (a) states a school participating in the Direct Loan Program must ensure that any information it provides to the Secretary in connection with loan origination is complete and

accurate. A school must originate a Direct Loan while the student meets the borrower eligibility requirements of §685.200. Except as provided in 34 CFR part 668, subpart E, a school may rely in good faith upon statements made by the borrower and, in the case of a parent Direct PLUS Loan borrower, the student and the parent borrower.

Noncompliance: Institutions report cost of attendance (COA) data in the award origination records that are sent to the Department. The COA data submitted to the Department was not accurate. Conflicting data may result in incorrect eligibility calculations.

SU systemically reported an incorrect COA to the Common Origination and Disbursement System (COD) in its origination records. The following table offers a sampling of students that were identified as having erroneous COA amounts reported to the COD system.

Student Number	COA Reported to COD	COA Per Institutional Records
1	\$20,000	\$37,244 – Summer 2012, Fall 2012, Winter 2013
2	\$20,000	\$8,886 – Summer 2012
16	\$20,000	\$27,069 – Summer 2012, Fall 2012, Winter 2013
19	\$20,000	\$9,023 – Summer 2013

Required Action: SU must review its COD reporting procedures to determine the cause of the discrepancies. Procedures must be updated to ensure that COA data reported to COD matches institutional COA records. In response to this Program Review Report, SU must include a written update of its COD reporting procedures.

Finding 8: Missing Policy/Procedure for Transfer Monitoring

Citation: 34 C.F.R. § 668.16 states that to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section.

34 C.F.R. § 668.16 (o) states the Secretary considers an institution to have that administrative capability if the institution participates in the electronic processes that the Secretary--

- (1) Provides at no substantial charge to the institution; and
- (2) Identifies through a notice published in the Federal Register

The 2012-2013 Federal Student Aid Handbook states schools must be able to use the FSA electronic processes to be considered administratively capable of participating in the FSA programs. To be in compliance with the administrative capability requirements of 34 C.F.R. § 668.16(o), a school must:

- submit to the National Student Loan Data System (NSLDS) the school's Federal Perkins Loan data, student enrollment records, FSA program overpayments, **NSLDS transfer student monitoring records**, and Gainful Employment program records (if applicable): <https://www.nsldsfa.ed.gov/secure/logon.asp>

Dear Colleague Letter GEN-01-09 introduced the requirement for schools to obtain financial aid history information for transfer students by utilizing the Transfer Monitoring Process.

The 2012-2013 Federal Student Aid Handbook, Volume 2, Chapter 3, pp. 47 states a school must consider a student's financial aid history in making FSA program awards. The regulations require that schools use NSLDS data to obtain information about a student's financial aid history.

To receive a student's financial aid history, your school must register for the Transfer Student Monitoring Process. Through this process, NSLDS will monitor a transfer student's financial aid history and alert you to any relevant changes—other than the default and overpayment information reported in the post screening process—that may affect the student's current award(s).

You must send NSLDS identifying information (or enter it online) for students transferring to your school so that NSLDS can use transfer monitoring to notify you of changes to their financial aid history. You may send information for students who have expressed an interest in attending your school even if they have not yet formally applied for admission.

Noncompliance: SU provided the reviewers with documentation attesting to active participation in the Transfer Monitoring process. SU did not; however, have a written Transfer Monitoring Policy/Procedures document. Comprehensive policies and procedures must be established to ensure optimal administrative efficiency.

Required Action: SU must update its policies and procedures to include Transfer Monitoring. This policy/procedure must be submitted to the Department in SU's response to this Program Review Report.

Finding 9: Missing Policy/Procedure to Validate Questionable High School Diplomas

Citation: The 2013-2014 Federal Student Aid Handbook, Volume 1, Chapter 1, pp. 6-7 states if your school or the Department has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education, you must evaluate the validity of the student's high school completion. Students who indicate on their FAFSA that they graduated high school must give the name, city, and state of the high school. FAFSA on the Web will not allow students to skip these items, and it will have a drop-down list of both public and private high schools populated by the National Center for Education Statistics (NCES). Inclusion on the list does not mean that a diploma from the school is valid, nor does exclusion from the list

mean that the diploma is invalid. Note also that diplomas from unaccredited high schools can be valid and qualify students to receive FSA funds, as well as to meet college admission standards.

Acceptable documentation for checking the validity of a student's high school completion can include the diploma and a final transcript that shows all the courses the student took. For students who completed their secondary schooling outside the United States, comparable documents can help, as can the services of companies that determine the validity of foreign secondary school credentials. Another resource is the Department of Education in the state in which the high school is located, if that department has jurisdiction over the high school. Colleges are also free to consult with each other as they develop their procedures for checking the validity of high school diplomas.

The ISIR will not provide any more information than what the student submitted on the FAFSA. We do not expect you to check the high school data for every student against other information obtained by your school during admissions, but if you have reason to believe the high school diploma is dubious—e.g., the college knows the student bought the diploma or transcript and was required to perform little or no work—you must validate the diploma.

A student's self-certification is not sufficient to validate a high school diploma that is in question. It should be remembered that for a college to be an eligible institution, it must admit as regular students only those with a high school diploma or the recognized equivalent or who are beyond the age of compulsory school attendance. As in other areas of FSA administration, schools have final authority in meeting this requirement. The Department does not plan to have an appeal process or to intervene in reasonable judgments of school administrators, such as a decision to move a high school from a college's acceptable to unacceptable list or a case where one school has different lists than another.

A college diploma mill is an entity that:

1. Charges someone a fee and requires him to complete little or no education or coursework to obtain a degree, diploma, or certificate that may be used to represent to the general public that he has completed a program of postsecondary education or training; and
2. Lacks accreditation by an agency or association that is recognized as an accrediting body for institutions of higher education by the Secretary (pursuant to Part H, Subpart 2 of Title IV) or a federal agency, state government, or other organization that recognizes accrediting agencies or associations.

Noncompliance: SU has a policy in the Registrar's Office to check the validity of questionable high school diplomas. SU does not; however, have a policy/procedure in place in the student financial aid department (tailored for Title IV) to check the validity of questionable high school diplomas.

Required Action: In response to this Program Review Report, SU must draft a Questionable High School Diploma Review Policy/Procedure and submit a copy to the Department for review. The policy/procedure must include the requirement to document a student's file to indicate that an evaluation of the questionable high school diploma was completed.

Finding 10: Satisfactory Academic Progress Policy (SAP) Not Adequately Developed/Monitored

Citation: 34 C.F.R § 668.34 states an institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—

(6) The policy describes how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, **or transfers of credit from other institutions**. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours.

Noncompliance: SU has a SAP Policy that is included in the Policies and Procedures manual and on line at www.strayer.edu. The policy states the following:

“Transfer Credits

Transfer credits are not included in the grade point standard but are included in the pace standard both as hours attempted and as hours completed.”

This statement does not adequately describe how a student's pace of completion is affected by the transfer of credit from other institutions. More specifically, the policy does not clearly state that SU will begin the pace of completion calculation by counting:

- All hours attempted at all prior institutions
- Only the number of transfer hours accepted into the new program

Institutions have the choice of using either approach in the treatment of transfer hours.

Required Action: In response to this Program review Report, SU must revise its SAP Policy to address the issue described in the noncompliance section of this finding. The revised SAP Policy must be submitted to the Department for review.

Finding 11: R2T4/Withdrawal Policy Inadequate

Citation: The 2012-2013 Student Financial Aid Handbook, Volume 5, page 6 states in the consumer information a school must make available upon request to prospective and enrolled students, the school must include a statement of –

- any refund policy with which the school must comply;
- the requirements for the treatment of Title IV funds when a student withdraws and
- the requirements and procedures for officially withdrawing from the school.

~~A school should provide sufficient information for a student or prospective student to be able to determine the procedures for withdrawing and the financial consequences of doing so. In addition, a student should be able to estimate how much Federal Student Aid he or she will retain, and how much he or she may have to return upon withdrawing.~~ Because the Return provisions do not affect institutional refund policies, a school must provide a student with information on both the school's refund policy and the federal return requirements, and explain the interaction between the two. The information should include a discussion of how a school might adjust a student's charges to take into account any return of FSA funds the school might be required to make. Finally, a student or prospective student should be informed that if he or she withdraws, school charges that were previously paid by FSA funds might become a debit that the student will be responsible for paying.

Noncompliance: SU does not provide students with an estimate of the amount of aid the student may earn and an estimate of the amount the student may have to return. Ideally, SU should provide an example of an R2T4 calculation in the institution's R2T4 policy.

Required Action: SU must revise its R2T4 Policy to incorporate the missing requirement outlined in the noncompliance section of this finding. In response to this Program Review Report, SU must submit a revised R2T4 Policy document to the Department for review.

Finding 12: Consumer Information Requirements Not Met

Citation: 34 C.F.R § 668.43 (a) states institutional information that the institution must make readily available to enrolled and prospective students under this subpart includes, but is not limited to—

- (1) The cost of attending the institution, including—
 - (i) Tuition and fees charged to full-time and part-time students;
 - (ii) Estimates of costs for necessary books and supplies;
 - (iii) Estimates of typical charges for room and board;

(iv) Estimates of transportation costs for students; and

(v) Any additional cost of a program in which a student is enrolled or expresses a specific interest.

Noncompliance: SU does not publish cost of attendance (COA) information in any of the consumer information that is provided to enrolled and prospective students and parents. COA data is housed in SU's financial aid management system for use in financial need determinations. SU's current catalog only provides information regarding tuition and fee costs.

Required Action: ~~SU must make cost of attendance information readily available to enrolled~~ and prospective students. In response to this Program Review Report, SU must update its consumer information to include cost of attendance budgets. A copy of the cost of attendance information must be sent to the Department for review.

Finding 13: Book Voucher for Pell Grant Recipients Not Published

Citation: The 2013-2014 Federal Student Aid Handbook, Volume 4, Chapter 2, pp. 48, states a school is required to provide, in its financial aid information and its notifications provided to students receiving FSA funds, information on the way the school provides for Federal Pell Grant eligible students to obtain or purchase required books and supplies by the seventh day of a payment period under certain conditions and how the student may opt out. The information must indicate whether the school will enter a charge on the student's account at the school for books and supplies or pay funds to the student directly. Also, during the aid counseling process, the school must explain to a student who qualifies for the funds advanced to purchase books and supplies how the method is handled at the school and how a student may opt out.

Noncompliance: SU did not provide written information on the way the school provides for Federal Pell Grant eligible students to obtain or purchase required books and supplies by the seventh day of a payment period under certain conditions and how the student may opt out.

Required Action: SU must revise its consumer information to include information regarding the availability of a book voucher for Pell Grant eligible students. The information must describe the manner in which the book voucher is administered and the availability of an opt out option. In response to this Program Review Report, SU must submit revised consumer information that satisfies the requirements discussed in the citation section of this finding.